

TEACHERS' RETIREMENT BOARD
BUDGETS AND AUDITS COMMITTEE

SUBJECT: Quarterly Audit Status Report

ITEM NUMBER: 6

ATTACHMENT(S): 3

ACTION:

DATE OF MEETING: June 4, 2003

INFORMATION: X

PRESENTER: Way Lee

The following is our quarterly report on the status of the Office of Audits' FY 2002-03 school district audits; compliance case reviews; and internal audit projects, as of May 20, 2003, or as otherwise indicated.

SCHOOL DISTRICT AUDITS:

Fieldwork in progress	1
Drafting report/review	0
Draft Issued/Awaiting District's Response	3
Final S/D audit reports issued this Quarter	<u>0</u>
Total Audits – 3rd Quarter	<u>4</u>
Final School District Audit reports issued during this fiscal year	<u>6</u>
Special Project: Service Retirements Preliminary Survey Final report	<u>1</u>
Special Project: Service Retirements Allowances Audit – in progress	<u>1</u>

COMPLIANCE CASE REVIEWS:

During this past Quarter the School District audit staff started 4 compliance cases. The table below is a summary of the status of compliance cases for this period and the fiscal year. Attachment 2 provides details of the cases.

Cases from a prior period	30
Cases started during this period	4
Less final reports issued this period for cases started in a prior period	(5)
Less final reports for cases started in this period	<u>(0)</u>
Total Cases in Progress at the End of the Period:	<u>29</u>
Final compliance reports – cases started and Completed during this fiscal year	<u>5</u>
Final compliance reports issued and audit referrals during this fiscal year	<u>35</u>

INTERNAL AUDITS:

During the third quarter of FY 2002-03 (from 2/19/03 to 5/20/03), internal audits staff continued work on ten projects that were in progress at the beginning of the period. Staff began work on seven new projects and completed one of them. Details of these projects are included within the Internal Audits Fiscal Year (FY) 2002-03 Status Report at Attachment 3.

The following table provides a summary of the status of internal audits and special or other projects worked on during the period covered by this report:

Internal Audits/Projects **FY 2002/03 Third Quarter (2/19/03 - 5/20/03)**

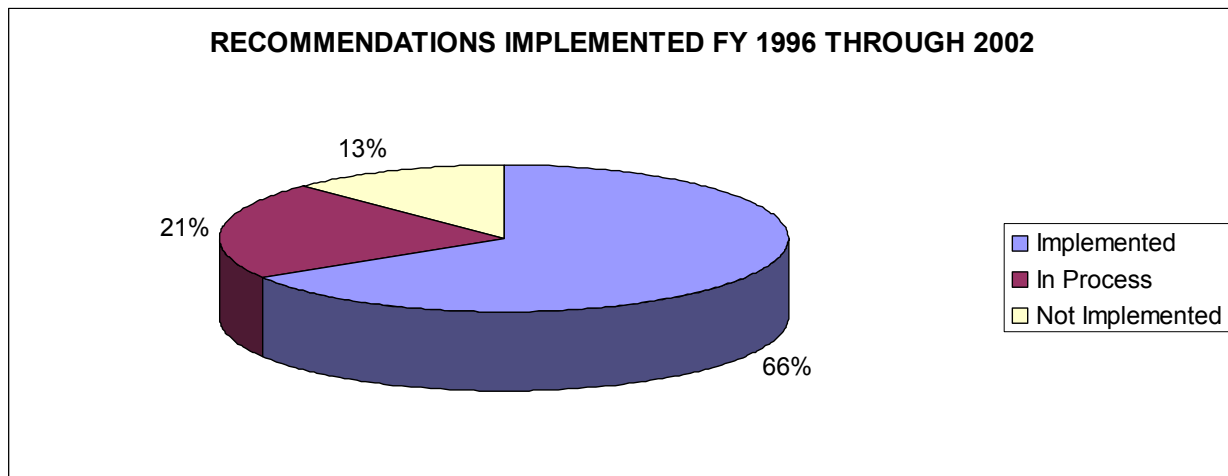
Fieldwork in process or project ongoing (as of 5/20/03)	12
In review/drafting report	4
Final report/memo issued or project complete	<u>1</u>
Total Audits/Projects worked on during quarter	17

Internal Audits Performance Measures

The following chart provides a summary of audit recommendations implemented as of 3/21/03. It identifies the percentage of administrative recommendations implemented or adopted.

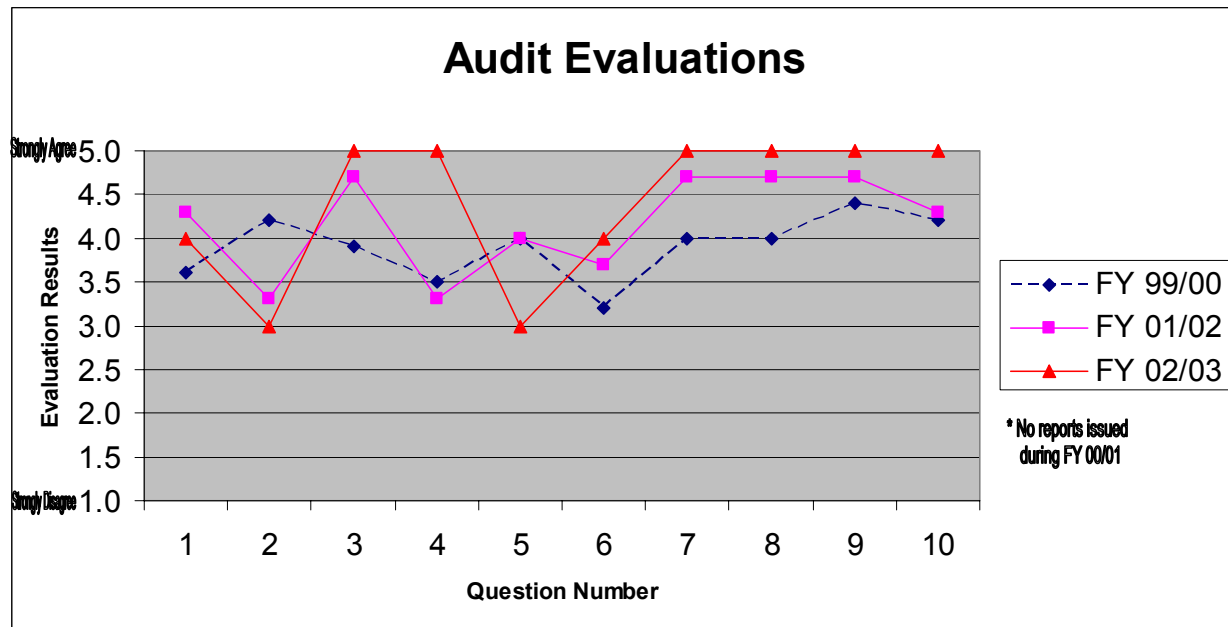
Performance Measure – Audit Recommendations

Office of Audits' recommendations for improvement	112
Number of recommendations implemented	74
Number of recommendations in process	24
Number of recommendations not implemented	14



The following graph is a representation of customer (auditee) evaluations. At the end of each audit engagement, we request that management complete our audit survey questionnaire to evaluate their satisfaction with our audit services. We identify and evaluate trends for those areas where we need to improve our customer service.

Performance Measure – Internal Audits Client Evaluations



- 1) Auditor explained the objectives, timing, and audit process and solicited questions and concerns.
- 2) Auditor exhibited an understanding of your mission/operations/procedures.
- 3) Auditor was cooperative in attempting to minimize interruptions to your operations.
- 4) Auditor demonstrated technical proficiency in audit areas and knowledge of CalSTRS policies.
- 5) Auditor demonstrated courtesy, professionalism, and a constructive and positive approach.
- 6) Auditee was informed of the audit status, major issues, and final results on a timely basis.
- 7) Auditee had the opportunity to provide explanations to observations as they developed.
- 8) All observations were adequately discussed and all issues of fact were resolved.
- 9) The final report was accurate and clearly communicated the audit results.
- 10) Recommendations were constructive, relevant, and actionable.